

STATEMENT OF BASIS
Hunt Oil Company
S.L. 17845 Well No. 1
LPDES Permit No. LA0122289
AI No. 146809

For the Issuance of Territorial Subcategory of the Oil and Gas Extraction Point Source Category LPDES Water Discharge Permits.

THE PERMITTEES ARE: **Hunt Oil Company - S.L. 17845 Well No. 1** involved with the exploration, development, and production of oil and gas within territorial subcategory locations of the State of Louisiana.

ISSUING OFFICE: Louisiana Department of Environmental Quality (LDEQ)
Office of Environmental Services
Post Office Box 4313
Baton Rouge, Louisiana 70821-4313

PREPARED BY: Laketha Ferguson

DATE PREPARED: January 31, 2007

1. PERMIT STATUS

- A. Reason For Permit Action:
First time issuance of a Louisiana Pollutant Discharge Elimination System (LPDES) permit for a 5-year term.
- B. NPDES permit effective date: N/A
NPDES permit expiration date: N/A
EPA has not retained enforcement authority.
- C. LPDES permit: LA0122289
LPDES permit effective date: N/A
LPDES permit expiration date: N/A
- D. Date Application Received: November 9, 2006

2. FACILITY INFORMATION

- A. FACILITY TYPE/ACTIVITY - Oil and Gas Exploration, Development, and Production Operations

Hunt Oil Company - S.L. 17845 Well No. 1 is an oil and gas exploration, development, and production facility.

- B. FEE RATE

- 1. Fee Rating Facility Type: minor
- 2. Complexity Type: III, BPJ from 20 points to 10 points to be closer to the fee for coverage under the general permit, LAG260000
- 3. Wastewater Type: III
- 4. SIC Code: 1311

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- C. LOCATIONS - S.L. 17845 Well No. 1, approximately 6.3 miles southeast from Cameron, Louisiana, Cameron Parish

Latitude: 29° 44' 3.1" Longitude: 93° 14' 14.3"

3. OUTFALL INFORMATION

See Appendix A.

4. RECEIVING WATER

Stream – Gulf of Mexico

Basin and Segment – Mermentau River, 050901

Designated Uses - a. primary contact recreation
b. secondary contact recreation
c. fish and wildlife propagation
d. oyster propagation

5. PROPOSED EFFLUENT LIMITS

See Appendix A.

6. COMPLIANCE HISTORY/COMMENTS

A file review disclosed that no actions have been issued to Hunt Oil Company - S.L. 17845 Well No. 1.

7. 303(d)/TMDL WATERBODIES

Subsegment 050901, Mermentau River Basin, Coastal Bays and Gulf Waters to State three-mile limit, is not listed on LDEQ's Final 2004 303(d) list as impaired. However, subsegment 050901 was previously listed as impaired for mercury, carbofuran, phosphorus, organic enrichment/low dissolved oxygen, suspended solids, turbidity, nutrients, and siltation/total suspended solids/turbidity, for which the below TMDLs have been developed. The Department of Environmental Quality reserves the right to impose more stringent discharge limitations and/or additional restrictions in the future to maintain the water quality integrity and the designated uses of the receiving water bodies based upon additional TMDLs and/or water quality studies. The DEQ also reserves the right to modify or revoke and reissue this permit based upon any changes to established TMDLs for this discharge, or to accommodate for pollutant trading provisions in approved TMDL watersheds as necessary to achieve compliance with water quality standards.

The following TMDL's have been established for subsegment 050901:

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Mercury within the Mermentau and Vermilion-Teche River Basin

As per these TMDLs, elevated levels of mercury in fish tissue resulted in the issuance of fish consumption advisories for this subsegment. The TMDLs attribute atmospheric deposition of mercury as the most significant source of mercury in Louisiana. Therefore, on a watershed scale, point sources are expected to have a relatively minor effect on the overall mercury contribution. Some point sources, however, may represent significant site specific sources of mercury (which could contribute to mercury bioaccumulation). Those facilities identified as having "reasonable potential" for exceeding narrative and/or numeric standards for protection of human health will be required to monitor mercury in their discharges.

All currently effective Louisiana Mercury TMDLs state that while there are many potential sources of mercury to waters of the State of Louisiana, over 99% of the pollutant load comes from the atmospheric deposition of mercury from global and local sources. There is no current data available that indicates mercury would be expected in discharges from oil and gas operations. It is noted that spent drilling muds from oil and gas wells do possess the reasonable potential to contain mercury (which would result in the introduction of mercury to the environment). However, LDEQ has prohibited the discharge of spent drilling muds into waters of the State of Louisiana. Since LDEQ has taken steps to prevent the discharge of mercury at levels at or above water quality standards from oil and gas facilities, and given that current Louisiana Mercury TMDLs do not indicate mercury is discharged from the operation of oil and gas facilities, mercury requirements will not be placed in this permit.

Carboforan within the Mermentau and Vermilion-Teche River Basins

Impairment: Carboforan

There are no known point source discharges in the Mermentau River Basin. Therefore, no allocation as was given to point sources.

Big Constance Lake and Mermentau Coastal Bays and Gulf Waters TMDLs for Dissolved Oxygen and Nutrients

Impairment: Organic enrichment/low DO, Nutrients, and Phosphorus

There is no load given to any point source discharger in the TMDL due to the lack of significant point sources.

TSS, Turbidity, and Siltation TMDL for the Mermentau River Basin

Impairment: Total Suspended Solids, Turbidity, and Siltation

As per the TMDL, point source loads are so small as to be insignificant, and because effective policies are in place to limit TSS discharges, no specific reductions from point sources are required.

8. ENDANGERED SPECIES

The receiving waterbody, Subsegment 050901 of the Mermentau River Basin is not listed in Section II.2 of the Implementation Strategy as requiring consultation with the U.S. Fish and Wildlife Service (FWS). This strategy was submitted with a letter dated September 29, 2006 from Watson (FWS) to Brown (LDEQ). Therefore, in accordance with the Memorandum of Understanding between the LDEQ and the FWS, no further informal (Section 7, Endangered Species Act) consultation is required. It was determined that the issuance of the LPDES permit is not likely to have an adverse effect on any endangered or candidate species or the critical habitat. The effluent limitations established in the permit ensure protection of aquatic life and maintenance of the receiving water as aquatic habitat.

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9. HISTORIC SITES

The LDEQ shall notify the LSHPO of the receipt of individual permit applications for proposed facilities when associated oil or gas related activities are to be planned on inland wetlands areas.

10. TENTATIVE DETERMINATION

On the basis of preliminary staff review, the Department of Environmental Quality has made a tentative determination to issue a permit for discharges described in the proposed effluent attachment.

11. PUBLIC NOTICES

Upon publication of the public notice, a public comment period shall begin on the date of publication and last for at least 30 days thereafter. During this period, any interested persons may submit written comments on the proposed issuance of LPDES individual permits and may request a public hearing to clarify issues involved. This Office's address is on the first page of the statement of basis. A request for a public hearing shall be in writing and shall state the nature of the issues proposed to be raised in the hearing.

Public notice published in:
The local newspaper of general circulation and
The Office of Environmental Services Public Notice Mailing List.

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Rationale for Hunt Oil Company, S.L. 17845 Well No. 1

Outfall locations will vary from site to site. See Appendix A for pollutant type, limitations and monitoring frequencies.

Limits Justification and References

Limits are based upon 40 CFR 435 Subpart A - Territorial Subcategory, Final NPDES General Permit for the Territorial Waters of Louisiana (LAG260000), Louisiana Water Discharge Permit System individual permits, and Best Professional Judgment.

Storm Water Pollution Prevention Plan (SWP3) Requirement

In accordance with LAC 33:IX.2511.C.1.c, the operator must prepare and implement a Storm Water Pollution Prevention Plan (SWPPP) if there has been a release of reportable quantity of oil or hazardous substance in stormwater at the facility since November 16, 1987. Reportable Quantity spill is defined at 40 CFR 110.3 as discharges of oil that "Cause a film or sheen upon or discoloration of the surface of the water."

The SWP3 shall be prepared, implemented, and maintained within 60 calendar days of the effective date of this permit if a discharge of a reportable quantity of oil or a hazardous substance has occurred on or before this date, or within 60 calendar days after the first knowledge of a discharge of a reportable quantity of oil or a hazardous substance. The plan should identify potential sources of storm water pollution and ensure the implementation of practices to prevent and reduce pollutants in storm water discharges associated with industrial activity at the facility (see STORMWATER DISCHARGES in Part II of the Draft Permit).